THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) Indian Airlines has presently no plans to operate an additional morning flight from Ranchi to Delhi. This would depend on traffic potential and availability of aircraft. ,

(b) Indian Airlines has no plans to introduce a direct flight from Ranchi to Mumbai.

Mortgaging of tractors for taking tractor loan

†*291. SHRI MOTILAL VORA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the farmers of Mahoba District of Uttar Pradesh have bought tractors by taking loans from banks for which they mortgaged their tractors and their land;

(b) the number of tractors for which farmers took loans from the year 2002, till date;

(c) whether Government are aware that due to inadequate rainfall these farmers could not deposit the instalments of tractors and now their land is being auctioned and tractors of many farmers have been seized; and

(d) if so, the steps taken by Government to save farmers from this situation?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir.

(b) Loans for 3195 tractors are outstanding in the books of all the Banks in Mahoba District in Uttar Pradesh, as on 31st October, 2006.

(c) and (d) Wherever farmers have not been able to repay the Bank's dues in the district, relief has been provided by way of restructuring and reschedulement to enable them to pay their dues over a longer period of time. In cases of wilful default and when borrowers do not pay dues despite persuasion, follow-up and personal contracts, the banks are constrained to initiate recovery proceedings in accordance with their recovery policies Such recovery policies permit taking possession of tractors.

Complaints of fraud in IFCI

†*292. SHRI MAHENDRA SAHNI: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received any complaint regarding fraud in Industrial Finance Corporation of India (IFCI);

†Original notice of the question was received in Hindi.

(b) if so, the details of the complain; and

(c) by when, the findings of this probe is likely to be received?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) Five cases of fraud have been reported by IFCI.

The action taken and the details are as follows:

I. M/s Usha India Limited: Fraud reported in January, 2004. Fraud amount: Rs. 67.75 Crore.

The case was entrusted to the Serious Frauds Investigation Office (SFIO) for investigation, which has submitted its report to the Ministry of Company Affairs for necessary action.

IFCI also, filed a complaint before the Metropolitan Magistrate Patiala House, New Delhi against the Company, its promoters, and its statutory auditors. This case is to come up for hearing in January, 2007.

II. M/s Malvika Steel Limited: Fraud reported in January, 2004. Fraud amount: Rs. 60.00 Crore.

The case was entrusted to the Serious Frauds Investigation Office (SFIO) for investigation, which has submitted its report to the Ministry of Company Affairs for necessary action.

III. M/S Koshika Telecom Limited: Fraud reported in January, 2004. Fraud amount: Rs. 1.13 Crore.

The case was entrusted to the Serious Frauds Investigation. Office (SFIO) for investigation, which has submitted its report to the Ministry of Company Affairs for necessary action.

IFCI has also filed an FIR with Economic Offences Wing, Delhi Police and a complaint with SEBI regarding non delivery of shares.

IV. Punjab Woolcombers Limited: Fraud reported in July, 2001. Fraud amount: Rs. 4.60 Crore.

IFCI filed a complaint with the local police but they did not register it stating that the dispute is civil in nature. The criminal court also did not support the contention of IFCI and hence the FIR could not be registered.

However, in 2006, PNB and IFCI settled their loan account with

the company. IFCI settled the account for an amount of Rs. 12 crore (including the fraud amount of Rs. 4.60 crore) with the company.

V. AVI Packaging Limited: Fraud reported in August 1998. Fraud amount: Rs. 30.00 Crore

IFCI filed an FIR with the police. The promoters were arrested and the criminal case is pending in the court. IFCI recovered Rs. 14 crore lying in the no lien account of the company.

Loans to risky areas by banks

†*293. DR. MURLI MANOHAR JOSHI:
SHRI RAM JETHMALANI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that public sector banks of the country have given more loans to risky aread during the year, 2005-06 as compared to the previous year;

(b) if so, to what extent its percentage is more and whether such risky areas have been identified;

(c) if so, the details thereof, and

(d) the percentage of loan out of the total loans given to each sector by these public sector banks during the said year?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) Exposure of banks to the Capital Market and Real Estate sectors are generally identified as exposure to sensitive areas. The exposure of Public Sector Banks to the Capital Market increased from 1.23% of total advances as at the end of March, 2005 to 1.26% of the total advances as at the[7] end of March, 2006. However, exposure to the Real Estate sector of these banks increased from 2.59% of total advances to 14.65% of total advances during the same period, essentially due to inclusion of loans secured by residential mortgage in the definition of Real Estate sector since June, 2005. Thus this figure is not comparable with the figure of March, 2005.

The Bank-wise data of public sector banks regarding Capital Market exposure, Real Estate exposure and their percentage to total loan and advances pertaining to domestic operations of the banks, are given in the Statement.

†Original notice of the question was received in Hindi.